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E.O. 11652: GDS
TAGS: PFOR,AMGT, US, GE
SUBJECT: PARM--ANNUAL POLICY AND RESOURCE ASSEMENT FOR GERMAN
DEMOCRATIC REPUBLIC -- PART I

REF: (A) CERP 0001, (B) STATE 38356

I US INTERESTS IN THE GDR

1. WE HAVE A RANGE OF LONG-TERM INTERESTS IN THE GDR THE MOST
SIGNIFICANT OF WHICH RELATE TO US SECURITY CONCERNS. THEY
STEM FROM EAST GERMANY'S POLITICAL AND MILITARY IMPORTANCE
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TO OUR CHIEF ADVERSARY, THE USSR, AND THE FACT THAT THE GDR
SURROUNDS BERLIN AND STRADDLES THE BERLIN ACCESS ROUTES.
OTHER, RELATED US INTERESTS DERIVE FROM THE IMPORTANCE OF THE
GDR TO THE FRG, ONE OF OUR MOST IMPORTANT ALLIES, AND
FROM THE SIGNIFICANCE OF INNER-GERMAN RELATIONS FOR
EUROPEAN SECURITY; AND FROM A BASIC NEED TO INFORM OUR-
SELVES OF THE POLICY DIRECTIONS, STRENGTH AND STABILITY

OF THE GDR IN ORDER TO ASSESS ITS POTENTIAL BEHAVIOR IN QUESTIONS AFFECTING US CONCERNS.

2. BEYOND THESE INTERESTS, WHICH FLOW FROM OUR GLOBAL AS WELL AS REGIONAL CONCERNS, WE HAVE ANOTHER ORDER OF INTERESTS. STATED BRIEFLY, THE NATURE OF EAST GERMAN SOCIETY PRESENTS THE US WITH MODEST OPPORTUNITIES FOR ESTABLISHING A PRESENCE WHICH COULD INFLUENCE PUBLIC ATTITUDES IN THE DIRECTION OF REDUCING THE DESIRE OR CAPACITY OF THE GDR TO PURSUE POLICIES HARMFUL TO US INTERESTS IN CENTRAL EUROPE.

3. WE HAVE AN INTEREST IN ESTABLISHING A PRESENCE WHICH WOULD, IDEALLY, REINFORCE LATENT TENDENCIES TOWARD RESPECT FOR US TECHNICAL AND SOCIAL ACHIEVEMENTS, AND COUNTER THE STEREOTYPED PRESENTATION OF THE US BY THE GDR. AT THE SAME TIME IT IS NOT IN OUR INTEREST TO ENGAGE EAST GERMAN SOCIETY TO A DEGREE WHICH MIGHT UNSETTLE LEADERS IN MOSCOW AND EAST BERLIN. BUT EVEN IF WE MUST TAKE INTO ACCOUNT SOVIET HEGEMONY AND SED RULE IN EAST GERMANY, IT IS NOT IN OUR INTEREST TO PROMOTE THEM; BUT RATHER TO EXPOSE EAST GERMANS TO THE STRENGTH, DYNAMISM, AND APPEAL OF AMERICAN SOCIETY.

4. ANOTHER SET OF US INTERESTS INVOLVES PROTECTION OF THE RIGHTS AND PROPERTY OF OUR CITIZENS, AND OF OTHER PERSONS IN THE GDR IN WHICH WE HAVE A LEGAL OR HUMANITARIAN INTEREST. THESE INCLUDE:

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- FAMILY REUNIFICATION AND FACILITATION OF US/GDR MARRIAGES;

- PROTECTION OF US CITIZENS IN GDR JURISDICTION;

- PROTECTION OF PROPERTY RIGHTS AND CLAIMS OF US PERSONS, INCLUDING FINANCIAL CLAIMS AGAINST THE GDR;

- AND SUPPORT OF CLAIMS OF THE JEWISH COMMUNITY FOR RESTITUTION FOR LOSS AND INJURY AT THE HANDS OF NAZI AUTHORITIES.

5. WE ALSO HAVE AN INTEREST IN PROMOTING THE SALE, TO THE MAXIMUM EXTENT COMPATIBLE WITH CONSIDERATIONS OF NATIONAL SECURITY, OF US GOODS AND SERVICES.

II OVERVIEW

6. OUR DIPLOMATIC RELATIONS WITH THE GDR ARE RELATIVELY

NEW -- LESS THAN THREE YEARS OLD. RELATIONS WERE PRECEDED BY ISOLATION, HOSTILITY, AND MISTRUST, ALL A RESULT OF THE DIVISION OF GERMANY, THE COLD WAR, AND THE FACT THAT WE BELONG TO OPPOSING ALLIANCES AND SOCIAL SYSTEMS. SOME OF THE LEGACY OF THE PAST HAS BEEN OVERCOME, BUT MORE NEEDS TO BE DONE IF BOTH PARTNERS ARE TO HAVE AN ACCURATE ASSESSMENT OF WHAT EACH WANTS FROM THE RELATIONSHIP.

7. I AM NOT SUGGESTING THAT, THROUGH FURTHER INTERACTION, ALL MISUNDERSTANDING AND DISAGREEMENT WILL BE OVERCOME; BUT WE SHOULD BE ABLE TO DO AWAY WITH OUTMODED STEREOTYPES. WE CONTINUE TO FIND, FOR EXAMPLE, AS WAS NOTED IN THE EMBASSY'S 1976 ASSESSMENT, THAT IT IS REMARKABLY EASY TO MEET EAST GERMANS, WHO, DESPITE THE WALL AND THE CONTROLLED NATURE OF THIS SOCIETY, ARE QUITE PREPARED TO DISCUSS THEIR VIEWS ON A NUMBER OF ISSUES. AND WE ARE ABLE TO CONDUCT BUSINESS WITH OFFICIALS WITH ONLY
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OCCASIONAL LAPSES INTO COLD WAR RHETORIC -- ALTHOUGH THE IDEOLOGICAL GULF IS NEVER FAR AWAY. IN GENERAL, HOWEVER, WE FIND THE ATMOSPHERE REASONABLY FAVORABLE FOR THE PURSUIT OF OUR INTERESTS.

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A. POLITICAL ENVIORNMENT

8. AS WE LOOK AHEAD, HOWEVER, THERE ARE SOME ENVIRON-
MENTAL FACTORS -- NOT NECESSARILY OF A PURELY BILATERAL
NATURE -- THAT COULD HAVE AN IMPACT ON THE US/GDR RELATION-
SHIP. MOSCOW REMAINS THE DOMINATING PRESENCE IN GDR
DECISION-MAKING. THEREFORE, SHOULD US/USSR RELATIONS
DETERIORATE, WELATIONS WITH THE GDR AND THERE WOULD BE LITTLE WE
COULD DO ABOUT IT. THE COURSE OF FRG/GDR RELATIONS OVER
THE NEXT COUPLE OF YEARS COULD ALSO HAVE AN IMPACT ON
US/GDR RELATIONS. BECAUSE OF THE CONTINUING STRONG
INFLUENCE THE FRG HAS ON THE GDR AND THE REGIME'S INABILITY
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TO INSTILL A SENSE OF GDR-STATEHOOD IN ITS POPULTION,
IT SEEMS LIKELY THE JGIME WILL TAKE MEASURES TO REDUCE
FRG INFLUENCE. MOSCOW'S DESIRE TO MAINTAIN GOOD RELATIONS
WITH BONN COULD, HOWEVER, MODERATE THE MANNER IN WHICH
THE GDR SEEKS TO REDUCE FRG INFLUENCE HERE.

9. SHOULD A DOWNTURN OCCUR IN FRG/GDR RELATIONS, THE
GDR COULD EMBARK ON AN ACCELERATION OF ITS EFFORTS TO
DIVERSIFY POLITICAL, CULTURAL, ECONOMIC AND OTHER TIES
WITH OTHER WESTERN COUNTRIES, INCLUDING THE US. WHILE
THE REGIME'S AIM WOULD BE TO INCREASE GDR SEPARATENESS
FROM THE FRG, ENHANCE ITS SOVEREIGNTY, AND TO CHIP AWAY
AT WESTERN SUPPORT FOR FRG POSITIONS INIMICAL TO ITS
INTERESTS (PARTICULARLY FRG REFUSAL TO RECOGNIZE A
SEPARATE GDR CITIZENSHIP), WE SHOULD SEEK TO USE SUCH A
DEVELOPMENT TO FURTHER PROGRAMS OF INTEREST TO US. THE
OTHER SIDE OF THE GDR EFFORT TO DIVERSIFY RELATIONS
COULD BE TO INCREASE ITS INTRANSIGENCE ON SUCH ISSUES
AS A NATIONALITY CLAUSE IN CONSULAR CONVENTIONS. AND
THERE WE WOULD HAVE TO STAND FAST IF WE HAD NOT ALREADY
CONCLUDED A CONVENTION SATISFACTORY TO US.

10. IT IS CONCEIVABLE THAT IF FRG/GDR RELATIONS TURN SOUR,
THE WEST GERMANS COULD QUESTION WHETHER WE SHOULD SEEK TO
EXPAND OUR RELATIONS. SHOULD THEY DO SO, WE THINK A CON-
VINCING CASE COULD -- AND SHOULD -- BE MADE THAT IT IS

IN OUR GENERAL INTEREST TO OPEN UP GDR SOCIETY AS MUCH AS POSSIBLE AND THAT OUR PROGRAMS, WHILE MODEST, HAVE THAT GOAL AS THEIR PURPOSE. WE HAVE THE IMPRESSION FROM WEST GERMAN OFFICIALS HERE THAT THEY WOULD WELCOME A LARGER US PRESENCE, AND IT MAY BE DESIRABLE, WITHOUT TYING OUR HANDS, TO HAVE AN UNDERSTANDING BETWEEN BONN AND WASHINGTON ABOUT WHAT COULD BE DONE TO PROMOTE WESTERN INTEREST IN DEVELOPING CONTACTS WITH EAST GERMAN CIRCLES.

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11. FOR REASONS OF ASSERTING ITS STATEHOOD, THE GDR -- WITH SOVIET ACQUIESCENCE -- CAN BE EXPECTED TO CONTINUE EFFORTS TO ALTER THE STATUS OF BERLIN. WITHOUT, HOWEVER, INTERFERING WITH ALLIED RIGHTS. THERE REMAIN A NUMBER OF AREAS WHERE THE REGIME MAY SEEK TO EXTEND THE APPLICATION OF LAWS AND PROCEDURES TO ITS "CAPITAL" IN EAST BERLIN. I AM INCLINED TO THINK THE GDR IS PREPARED TO SUFFER A DETERIORATION OF US/GDR RELATIONS AS A CONSEQUENCE; THEREFORE, I THINK ANY COUNTERMEASURES MUST BE CAREFULLY CONSIDERED AND, TO THE EXTENT POSSIBLE, BE COORDINATED WITH OUR WEST ALLIES.

B. ECONOMIC ENVIRONMENT

12. THE GDR IS EXPERIENCING AN ECONOMIC SLOWDOWN AT THE BASIS OF WHICH IS THE CONTINUING INABILITY OF THE ECONOMIC SYSTEM TO CREATE AND RAPIDLY ABSORB TECHNOLOGICAL INNOVATIONS. THIS PROBLEM HAS BEEN COMPOUNDED BY A SHARP RISE IN RESOURCE COSTS, POOR WEATHER, AND WESTERN RECESSION. IT SEEMS LIKELY THAT ECONOMIC GROWTH IN THE PERIOD AHEAD WILL FALL SOMEWHAT SHORT OF GDR ASPIRATIONS, SLOWING, AMONG OTHER THINGS, THE RATE OF GROWTH OF THE STANDARD OF LIVING. WE DO NOT EXPECT POPULAR DISSATISFACTION OVER ECONOMIC QUESTIONS TO CREATE UNREST OF PROPORTIONS THAT COULD AFFECT US INTERESTS, BUT THE ECONOMIC SITUATION WILL INCREASE EXISTING PRESSURES TO EXPAND EXPORT MARKETS, ACQUIRE UP-TO-DATE TECHNOLOGY, AND OBTAIN FINANCING ON FAVORABLE TERMS. THESE PROMISE TO REMAIN THE MAIN GOALS OF GDR ECONOMIC POLICY TOWARD THE US. TO THE EXTENT THAT THE US STANCE IN RESPECT TO THESE GOALS CONTINUES TO BE PRIMARILY DETERMINED BY THE JACKSON-VANIK PROVISIONS OF THE TRADE ACT, THE OPPORTUNITIES FOR MAJOR US SALES OF MANUFACTURED GOODS WILL REMAIN LIMITED.

C. DOMESTIC UNREST

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13. WHILE THERE ARE NO SIGNS THAT POLISH ECONOMIC DISSATIS-
FACTION OR THE CAZECH CHARTER 77 MOVEMENT ARE SPILLING
OVER INTO THE GDR, THE GDR HAS RECENTLY UNDERGONE AN
INTERNAL TIGHTENING UP WHICH WE BELIEVE IS DISPROPORTIONATE
TO THE DISSATISFACTION AGAINST WHICH IT IS DIRECT.
ALTHOUGH THE AVERAGE EAST GERMAN RETAINS A STRONG WESTERN
ORIENTATION, PARTICULARLY TOWARD THE FRG, THE POPULATION
EXHIBITS A RESIGNED REALISM ABOUT THE POSSIBILITIES FOR
CHANGE IN THE GDR GIVEN THE MASSIVE SOVIET PRESENCE.
SUCH DISSATISFACTION AS DOES EXIST WILL THUS CONTINUE
TO BE EXPRESSED IN ATTEMPTS TO LEAVE THE GDR RATHER THAN
IN ORGANIZED POLITICAL OPPOSITION, AND POPULAR UNREST --
BARRING A MAJOR ECONOMIC DOWNTURN, WHICH WE DO NOT
EXPECT -- IS UNLIKELY TO CREAT SERIOUS DIFFICULTIES FOR
THE REGIME OVER THE NEXT FEW YEARS OR, CONSEQUENTLY,
FOR THE PROGRAMS WE WISH TO PURSUE.

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D. HUMAN RIGHTS AND CSCE

14. GDR PERFORMANCE ON FREEDOM OF SPEECH, TRAVEL, ETC. REMAINS INADEQUATE WITH NO PROSPECT FOR SIGNIFICANT IMPROVEMENT IN THE CONTEXT OF CSCE. AT THE SAME TIME, WE HAVE NOTED PROGRESS IN THE RESOLUTION OF HUMANITARIAN CASES INVOLVING US PRINCIPALS. SINCE THE OPENING OF THE EMBASSY, OF 87 CASES ON WHICH WE HAVE WORKED, 43 HAVE BEEN SATISFACTORILY RESOLVED -- WITH THE PRINCIPALS LEAVING THE GDR. WE ARE NOT PLEASED AT THE SLOW PACE WITH WHICH CASES ARE PROCESSED OR THE HARASSMENT GDR AUTHORITIES IMPOSE ON THOSE WISHING TO LEAVE; BUT AT
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THE SAME TIME, THROUGH PERSISTENT EFFORTS, WE HAVE REGISTERED SOME GAINS.

15. GIVEN THE FACT THAT HALF OF OUR CASES HAVE BEEN RESOLVED, WE SEE NO PARTICULAR REASON TO SINGLE OUT THE GDR HUMAN RIGHTS PERFORMANCE AS AN ELEMENT THAT SHOULD IMPEDE PROGRESS IN OTHER AREAS OF OUR RELATIONS, IF THE RATE OF RESOLVING CASES DOES NOT DECLINE. WE ALSO THINK THE SITUATION IS DIFFERENT BETWEEN THE FRG AND GDR AND THAT IF ANYONE HAS REASON TO POINT A FINGER AT THE GDR FOR ITS HUMAN RIGHTS PERFORMANCE, IT SHOULD BE BONN. AND THEREFORE WE SHOULD LET BONN TAKE THE LEAD ON THIS ISSUE.

16. IN SUMMARY, DESPITE THE HOSTILITY OF THE PAST, THE CONTROLLED NATURE OF THIS SOCIETY, AND THE VARIOUS PROBLEMS WHICH CONFRONT THE REGIME, WE FIND WE HAVE OPPORTUNITY FOR CONTACT WITH THE EAST GERMAN POPULATION AND OFFICIALS. WE FIND OURSELVES IN A FLUID AND EXPANDING PHASE IN OUR ACTIVITIES WITH AN APPARENT GDR INTEREST IN A CERTAIN US PRESENCE AND PROGRAMMING THAT CURRENTLY ALLOWS US TO ENGAGE THE GDR IN AN INCREASSING NUMBER OF AREAS. WHILE SUCH FACTORS AS POSSIBLE INSTABILITY ELSEWHERE IN EASTERN EUROPE, ECONOMIC SLOW-DOWN IN THE GDR, AND A POSSIBLE DETERIORATION IN FRG/GDR RELATIONS COULD LEAD TO MORE RIGID GDR POLICIES OVER THE NEXT FEW YEARS, WHICH MAKE IT MORE DIFFICULT TO CARRY OUT POLICIES OF INTEREST TO US, WE THINK THE PROSPECTS ARE REASONABLY GOOD FOR A MODEST EXPANSION OF RELATIONS. IT WILL, HOWEVER, BE UP TO US TO TAKE THE INITIATIVES.

III. OBJECTIVES, COURSES OF ACTION, AND ISSUES

17. THE PRIMARY OBJECTIVES OF US POLICY TOWARD THE GDR
SHOULD BE TO:

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- DEVELOP PERCEPTIONS AND INFORMED JUDGEMENTS OF
THE GDR'S ROLE IN ITS RELATIONSHIPS WITH USSR, FRG,
AND ON BERLIN ISSUES;
- CONDUCT OUR RELATIONS WITH THE GDR IN SUCH WAYS
AS WILL SUPPORT OUR COMMITMENTS TO THE BIABILITY AND
FREEDOM OF WEST BERLIN;
- DEVELOP AND EXPLOIT OPPORTUNITIES TO ENCOURAGE
REGIME AND POPULAR ENGAGEMENT WITH THE US; INCLUDING
ACTIVITIES IN CULTURAL, COMMERCIAL, SCIENTIFIC, AND
INFORMATION FIELDS;
- FACILITATE THE PROMPT RESOLUTION OF HUMANITARIAN
CASES, INCLUDING FAMILY REUNIFICATIONS AND US/GDR MARRIAGES;
- PROTECT US CITIZENS IN GDR JURISDICTION, AND
PROMOTE THE PROPERTY RIGHTS AND CLAIMS OF US PERSONS,
INCLUDING FINANCIAL CLAIMS AGAINST THE GDR;
- SUPPORT CLAIMS OF THE JEWISH COMMUNITY FOR
RESTITUTION FOR LOSS AND INJURY AT THE HANDS OF THE NAZIS;
- PROMOTE SALES, COMPATIBLE WITH US SECURITY REQUIRE-
MENTS, OF US GOODS AND SERVICES;
- ENGAGE THE GDR IN DISCUSSIONS OF MULTILATERAL
ISSUES SUCH AS CSCE, LOS, MBFR, ETC.

18. TWO-PLUS YEARS OF US/GDR RELATIONS HAVE SHOWN THAT
THE CHARACTER OF OUR RELATIONSHIP HAS BEEN FORMED AS
MUCH BY THE STYLE AS BY THE CONTENT OF OUR BILATERAL
BUSINESS. THE US HAS EMPHASIZED CONSISTENCY, IN OUR
VIEW RIGHTLY, FOR IT IS IN OUR INTEREST THAT THE GDR
UNDERSTAND THAT THERE IS A CONTINUITY TO US POLICY.
HOWEVER, IN DEFINING CONSISTENCY TOO NARROWLY, WE RISK
LIMITING OUR FLEXIBILITY IN PURSUING SIGNIFICANT US
INTERESTS.

19. WE HAVE ATTEMPTED TO MAINTAIN A CONSISTENT APPROACH
TOWARD THE GDR WHILE PURSUING A POLICY OF LINKING SPECIFIC
ISSUES IN OUR RELATIONS. HOWEVER, THE LIST OF SIGNIFICANT
EVENTS WHICH HAVE AFFECTED THE RELATIONYRW, DESPITE OUR
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LINKING OF GDR TRADE OFFICES IN THE US WITH CONCLUSION
OF A CONSULAR CONVENTION, NOW INCLUDES A FISHERIES
AGREEMENT, PERIODIC GRAIN TALKS, THE ANCKER-JOHNSON

PATENTS VISIT, OPENING US PORTS TO GDR SHIPS (AND VICE
VERSA), AND INCREASING OFFICIAL AS WELL AS PRIVATE
PARTICIPATION IN THREE LEIPZIG FAIRS. THE MAIN US BARRIER
TO INCREASED GDR SALES IN THE US, JACKSON-VANIK, REMAINS
WELL BEYOND THE ADMINISTRATION'S REACH, FOR THE NEAR FUTURE
AT LEAST.

20. AGAINST THIS BACKGROUND, LINKAGE OF COMMERCIAL
OFFICES, OF IMPORTANT BUT SECONDARY VALUE TO THE GDR,
WITH THE FUNDAMENTALLY IMPORTANT NATIONALITY QUESTION
IS NOT LIKELY TO PROVIDE LEVERAGE REQUIRED TO PRODUCE
A CONSULAR AGREEMENT ACCEPTABLE TO US. THIS POLICY, IN
ADDITION, HAS THE DISADVANTAGE OF DAMAGING THE ATMOSPHERE
IN TRADE MATTERS, WHERE SEVERAL US INTERESTS WOULD BE
SERVED BY A DEVELOPMENT OF RELATIONS.

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21. A SOMEWHAT RELATED ISSUE IS THAT OF RANKING OR
"SEQUENCING" COMMUNIST COUNTRIES DEPENDING ON THEIR

RELATIVE INDEPENDENCE FROM MOSCOW OR THEIR DEGREE OF LIBERALIZATION DOMESTICALLY. WE SHOULD EXPECT NEITHER FROM THE GDR. HOWEVER, WE THINK THAT THE PROSPECTS FOR GREATER DOMESTIC LIBERALIZATION AND SOME FLEXIBILITY IN FOREIGN POLICY ARE MORE LIKELY TO RESULT FROM GREATER CONTACTS WITH THE US (AND OTHER WESTERN COUNTRIES) THAN AS A RESULT OF MAKING THEM A PRECONDITION FOR INCREASED CONTACTS. WE BELIEVE THEREFORE THAT WE SHOULD ENGAGE THE GDR IN WAYS LIKELY TO PROMOTE THE DIVERSIFICATION OF ITS RELATIONS, AND NOT WITHOLD OUR SECRET

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ENGAGEMENT IN WAYS THAT IN EFFECT SUPPORT SOVIET-INSPIRED INTEGRATIONIST TENDENCIES.

22. FURTHER MORE, THE GDR'S STRATEGIC LOCATION AND IMPORTANCE ARGUE AGAINST EXCLUDING IT FROM CONSIDERATION AS THE OBJECT OF US POLICY INITIATIVE ON "SEQUENCING" GROUNDS. IN THIS CONNECTION, IT IS IMPORTANT TO REMEMBER THAT OF ALL THE EASTERN EUROPEAN COUNTRIES, THE GDR IS THE ONE WHOSE LEADERSHIP HAS HAD THE LEAST POST-WAR EXPOSURE TO THE WEST. THE LEADERSHIP IS AGING, AND THE NEW GENERATION IS ALMOST EXCLUSIVELY MOSCOW-TRAINED AND ORIENTED. TO THE EXTENT POSSIBLE, WE SHOULD THEREFORE BEGIN TO BRING THEM INTO CONTACT WITH THE WEST.

23. THE FOLLOWING ARE THE EMBASSY'S RECOMMENDATIONS FOR SHORT-TERM COURSES OF ACTION TO MEET US POLICY OBJECTIVES IN THE GDR:

A. BERLIN AND US/GDR BILATERAL RELATIONS

24. IT WOULD BE UNDESIRABLE AS WELL AS ILLOGICAL THAT US DIPLOMACY TOWARD EAST GERMAN SHOULD FAIL TO MAKE CLEAR TO THE GDR THAT ITS BEHAVIOR ON BERLIN SETS AN IMPORTANT POTENTIAL LIMIT ON THE DEVELOPMENT OF US/GDR RELATIONS. SUCH DIPLOMACY NEED NOT MAKE THE GDR A CONVERSATION PARTNER ON BERLIN, BUT WOULD IN ONE MANNER OR ANOTHER REMIND THE EAST GERMANS THAT BERLIN IS IMPORTANT TO US. WHEN THIS IS DONE, HOWEVER, IT SHOULD BE IN A MANNER COMMENSURATE WITH THE IMPORTANCE OF THE PARTICULAR ISSUE AT HAND, AND SHOULD, TO BE MOST EFFECTIVE, BE PART OF A COORDINATED ALLIED APPROACH. AND THE APPROACH SHOULD ALSO BE DIRECTED AT MOSCOW.

25. HAVING SAID THAT, WE DOUBT THE PRESENT LIMITED SCOPE OF OUR BILATERAL RELATIONSHIP OFFERS ADEQUATE LEVERAGE TO INFLUENCE THE GDR ON BERLIN QUESTIONS. THE EMBASSY TOOK SECRET

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THE INITIATIVE IN RECOMMENDING THAT WE WITHHOLD LONG-TERM VISAS FOR GDR SERVICE ENGINEERS TO SHOW US GOVERNMENT DISPLEASURE OVER REGIME MEASURES AFFECTING THE STATUS OF BERLIN AT THE BEGINNING OF THE YEAR. WE THINK IT WAS A GOOD MOVE AT THE TIME, AND FOR A LIMITED PERIOD OF TIME.

26. BARRING ANY NEW MEASURES AGAINST BERLIN IN THE IMMEDIATE FUTURE, I THINK WE SHOULD MOVE TO LET THE EAST GERMANS KNOW WE ARE PREPARED TO GIVE SYMPATHETIC CONSIDERATION TO A SUBMISSION OF SUCH VISA APPLICATIONS. IF, AS SEEMS LIKELY, THE US/GDR TRADE COUNCIL HOLDS ITS MEETING AT THE BEGINNING OF JUNE, THAT WOULD BE AN APPROPRIATE OCCASION TO LET THE EAST GERMANS KNOW WE WOULD BE PREPARED TO GIVE FAVORABLE CONSIDERATION TO SUCH VISA APPLICATIONS. WE COULD STATE WE WERE DOING SO IN KEEPING WITH OUR EXPRESSED INTEREST IN IMPROVING TRADE BETWEEN THE TWO COUNTRIES.

B. CONSULAR CONVENTION

27. WE SHOULD CONTINUE TO PRESS THE GDR TO CONCLUDE A CONSULAR CONVENTION, NOTING ITS IMPORTANCE TO US WITHOUT, HOWEVER, GIVING THEM ANY REASON TO THINK WE WILL CHANGE OUR POSITION ON THE NATIONALITY QUESTION. THE EAST GERMANS HAVE INDICATED THEY ARE SEEKING A FORMULA THAT WOULD TAKE INTO ACCOUNT OUR POSITION ON THE FRG'S DEFINITION OF GERMAN CITIZENSHIP. WE SHOULD, BETWEEN THE DEPT. AND THE EMBASSY, DETERMINE IF THIS COULD BE A PLAUSIBLE SOLUTION; IF WE BELIEVE THIS IS SO, WE SHOULD TELL THE EAST GERMANS WE ARE PREPARED TO LOOK AT THEIR LANGUAGE.

28. WE HAVE LINKED OUR INTEREST IN THE SATISFACTORY CONCLUSION OF A CONSULAR CONVENTION WITH GDR INTEREST IN ESTABLISHING COMMERCIAL OFFICES IN THE US. CONSISTENCY REQUIRES THAT WE ADHERE TO THIS POSITION IN THIS PARTICULAR "LINKAGE." AT THE SAME TIME, IT SEEMS TO US THAT IN THE FUTURE, AS A GENERAL PRACTICE, ANY LINKAGES SHOULD BE IN SECRET

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THE SAME CATEGORY, I.E. COMMERCIAL MATTERS WITH COMMERCIAL MATTERS, CULTURAL MATTERS WITH CULTURAL MATTERS, ETC.

29. ON OTHER CONSULAR MATTERS, THERE IS A MARKED ASSYMETRY FAVORING THE GDR AND ITS CITIZENS ON THE TRANSFER OF INHERITANCES, PROPERTY, AND BANK ACCOUNTS, WHICH NEED ADJUSTMENT IN THE DIRECTION OF RECIPROCITY BRINGING THE POSSIBILITIES OPEN TO US CITIZENS IN LINE

WITH THOSE NOW ENJOYED BY GDR CITIZENS. WHILE WE DO NOT KNOW WHAT CONSTITUTIONAL LEGAL LEVERAGE MIGHT BE AVAILABLE TO US, WE SHOULD TRY TO GET THE EAST GERMANS TO EXTEND THE SAME RIGHTS TO AMERICAN CITIZENS AS ARE ALREADY AVAILABLE TO EAST GERMANS.

C. HUMANITARIAN CASES

30. WE SHOULD PROCESS AND REPRESENT INDIVIDUAL CASES AS THEY OCCUR AND CONTINUE TO PRESS FOR DEFACTO INSTITUTION OF A SATISFACTORY PROCEDURE FOR RESOLVING BOTH CURRENT AND FUTURE CASES. IN OUR DEALINGS WITH THE EAST GERMANS IN WASHINGTON AND HERE ON THESE CASES, WE SHOULD APPROPRIATELY REMIND THE EAST GERMANS THAT IT IS IN OUR MUTUAL INTEREST TO RESOLVE SUCH CASES, CONTINUING FRANKLY TO TELL THEM THAT THEIR "IMAGE" SUFFERS WHEN CASES ARE DRAGGED OUT AND COME TO PUBLIC ATTENTION. WE SHOULD, AT THE SAME TIME, ESTABLISH FOR OUR OWN PURPOSES WHAT WE CONSIDER TO BE "SATISFACTORY" PERFORMANCE BY THE EAST GERMANS ON HUMANITARIAN CASES, AND THEREFORE WE URGE THE DEPARTMENT TO RESPOND TO EMBASSY AIRGRAM A-132 OF NOVEMBER 18, 1976 ON THIS MATTER.

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 SP-02 PER-01 SIG-01 A-01
MMO-01 SCA-01 EB-08 IO-13 INR-07 PM-04 CU-02
AGRE-00 AID-05 CIAE-00 COME-00 DODE-00 FEA-01
NSC-05 TRSE-00 USIA-06 /086 W
-----061158Z 082302 /13

P R 051615Z APR 77
FM AMEMBASSY BERLIN
TO SECSTATE WASHDC PRIORITY 4469
INFO AMEMBASSY BONN
AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

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D. CULTURAL AND INFORMATION

31. WE SHOULD DEVELOP AS PROMPTLY AS POSSIBLE A BROADER CULTURAL PROGRAM, SEEKING TO EXPAND EXISTING OR EXPLORE NEW AVENUES OF EXCHANGES, SUCH AS IN SPORTS, ACADEMIC INSTITUTES, AND SCIENCE AND TECHNOLOGY, AND TAKE GREATER ADVANTAGE OF THE IV PROGRAM. WE SHOULD IN 1978, DEPENDING ON OUR POLITICAL RELATIONS, CONSIDER THE NEGOTIATION OF A CULTURAL AGREEMENT WHICH MIGHT BETTER SERVE OUR INTERESTS. ON THE INFORMATION SIDE, WE SHOULD MAKE EVERY ATTEMPT, DESPITE THE GDR PRESS LAW, TO AUGMENT THE AUDIENCE FOR EMBASSY INFORMATIONAL MATERIALS,
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BOTH ON THE OFFICIAL AND THE PRIVATE SIDE, WITH SPECIAL EMPHASIS ON THE INTELLECTUAL COMMUNITY. FURTHER, WE SHOULD CONSIDER GIVING RIAS A ROLE IN REPORTING EMBASSY ACTIVITIES IN THE GDR AND THEREBY REACH A POPULATION OTHERWISE UNAWARE OF THE AMERICAN PRESENCE IN THE COUNTRY.

E. COMMERCIAL RELATIONS

32. WHILE RECOGNIZING THAT THE GDR COMMERCIAL OFFICES/ CONSULAR CONVENTIONLINKAGE AND THE JACKSON-VANIK PROVISIONS OF THE TRADE ACT DIMINISH GER RECEPTIVITY TO US TRADE PROMOTION EFFORTS, WE SHOULD SEEK TO INCREASE, WITHIN THE EXISTING FRAMEWORK, TRADE AND COMMERCIAL CONTACTS. WE SHOULD CONTINUE TO PURSUE TRADE PROMOTION ACTIVITIES, INCLUDING OFFICIAL PARTICIPATION IN THE LEIPZIG FAIR AND OFFICIALLY SPONSORED TECHNICAL SALES SEMINARS; AND WE SHOULD SUPPORT AND ASSIST THE EFFORTS OF PRIVATE FIRMS TO PURSUE BUSINESS OPPORTUNITIES IN EAST GERMANY. WE SHOULD CONTINUE TO URGE THE GDR TO INCREASE THE AVAILABILITY OF TRADE, PRODUCTION, AND FINANCIAL DATA, AS WELL AS INFORMATION ON TRADE OPPORTUNITIES; AND WE SHOULD ENCOURAGE GDR USE OF TRADE AND ECONOMIC DATA AVAILABLE IN THE EMBASSY'S COMMERCIAL LIBRARY. WITHIN LIMITS SET BY OTHER POLICY GOALS, WE SHOULD ENCOURAGE GDR BUSINESS TRAVEL TO THE US AND GDR ENGAGEMENT WITH THE US ECONOMY.

F. CLAIMS

33. WE SHOULD TAKE THE INITIATIVE WITH THE EAST GERMANS TO BEGIN MOVING ON A US/GDR CLAIMS SETTLEMENT. THE EAST

GERMANS APPARENTLY ARE OF THE VIEW THAT, BECAUSE OF OUR CLAIMS LEGISLATION, ACTUAL NEGOTIATIONS WILL NOT BE POSSIBLE UNTIL 1980 AT THE EARLIEST. IN THE MEANTIME, OTHER COUNTRIES ARE NEGOTIATING SETTLEMENTS WITH THE GDR IN THE COURSE OF WHICH PROCEDURES AND PRECEDENTS MAY BE
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SET WHICH WOULD MAKE IT MORE DIFFICULT FOR US TO PROCESS CLAIMS IN A MANNER CONSISTENT WITH OUR LEGISLATION. WE SHOULD, THEREFORE, SEEK TO ARRANGE OFFICIAL TALKS (AS OPPOSED TO NEGOTIATIONS OR "INFORMAL" DISCUSSIONS) FOR THE PURPOSE OF UNDERSTANDING EACH OTHER'S PROCEDURES AND REQUIREMENTS ON CLAIMS ISSUES. WE WOULD ALSO RECOMMEND THAT THE DEPARTMENT SEEK TO FIND OUT WHAT THE APPROPRIATE JEWISH ORGANIZATION PLAN TO DO NEXT REGARDING APPROACHES TO THE GDR ON THE MATTER OF JEWISH CLAIMS SO THAT WE ARE AWARE OF THEIR CONSIDERATIONS AS WE PURSUE THE BROADER QUESTION OF A CLAIMS SETTLEMENT.

G. ENGAGE THE GDR IN MULTILATERAL DIPLOMACY

34. WE CANNOT EXPECT GDR TO ADOPT AN INDEPENDENT FOREIGN POLICY. AT THE SAME TIME, WE BELIEVE THERE IS UTILITY IN CONTINUING THE DIALOGUE WITH THE GDR ON SUCH MATTERS AS LOS, CSCE AND EXPANDING IT TO OTHER ISSUES SUCH AS MBFR AND UN-RELATED MATTERS.

H. CONSIDER VISITS OF POLITICAL LEVEL FIGURES AS A WAY OF STIMULATING MOVEMENT ON OTHER ISSUES.

35. THE EAST GERMANS CONTINUE TO EXPRESS INTEREST IN HAVING POLITICAL-LEVEL VISITS TO EAST BERLIN AND/OR WASHINGTON, IN THIS CONNECTION, THERE IS AN OUTSTANDING INVITATION TO ASSISTANT SECRETARY HARTMAN. FOR THEIR PART, THE EAST GERMANS HAVE EXPRESSED AN INTEREST IN HAVING AN INVITATION FOR DEPUTY FOREIGN MINISTER GRUNERT AND IN A MEETING THIS FALL BETWEEN THE SECRETARY AND FOREIGN MINISTER FISCHER IN CONNECTION WITH THE UNGA. IN THE PAST, WE HAVE INDICATED THE STATE OF OUR RELATIONS DID NOT WARRANT SUCH EXCHANGES.

36. WE THINK WE SHOULD STATE MORE CLEARLY NOW THAN IN THE PAST THAT WE WOULD BE RE EPTIVE TO SUCH VISITS, PROVIDED WE COULD MAKE SUFFICIENT PROGRESS IN OUR RELATIONS. WE
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COULD NOTE THAT PROGRESS ON A MAJOR ISSUE, SUCH AS THE

SATISFACTORY CONCLUSION OF A CONSULAR CONVENTION, COULD BE THE OCCASION FOR SUCH A VISIT, AND COULD SET THE STAGE FOR A MEETING BETWEEN THE SECRETARY AND THE FOREIGN MINISTER.

IV. ISSUES

A. GDR CHARGES FOR EMBASSY OPERATIONS

36. WHILE NOT A POLITICAL ISSUE, WE THINK THE EAST GERMANS HAVE TAKEN STEPS WITH RESPECT TO WESTERN DIPLOMATIC MISSIONS WHICH REQUIRE CLOSE ATTENTION AND ACTION SOON ON OUR PART. RECENT GDR DECISIONS HAVE RAISED SHARPLY THE COST OF EAST GERMAN SERVICES AND SUPPLIES. THIS SUGGESTS THAT CHARGES FOR SERVICES AND RENT WILL BECOME AN INCREASINGLY TROUBLESOME ISSUE IN RELATIONS WITH THE GDR, IF ACTION IS NOT TAKEN AT THIS EARLY STAGE TO DISSUADE THE GDR FROM THE COURSE ON WHICH IT IS EMBARKED. WE BELIEVE THE USG SHOULD RAISE THIS QUESTION VIRGOROUSLY AT AN EARLY OPPORTUNITY WITH THE GDR, AND AT A LEVEL REFLECTING THE SERIOUSNESS OF US CONCERN ABOUT THE POTENTIAL COST TO OUR OPERATION IN EAST BERLIN.

B. ADMINISTRATIVE AND RESOURCE IMPLICATIONS

BEING TRANSMITTED BY SEPTTEL.POLANSKY

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BERLIN05684
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770119-1151
Format: TEL
From: BERLIN
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Original Handling Restrictions: n/a
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Page Count: 15
Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2898664
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Status: NATIVE
Subject: PARM--ANNUAL POLICY AND RESOURCE ASSEMENT FOR GERMAN DEMOCRATIC REPUBLIC -- PART I
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To: STATE
Type: TE
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Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009